

## REMARKS

Claims 3 and 11 were previously cancelled without prejudice and claims 1, 2, 4-6, 10, 12-15, and 23-28 have been withdrawn. Claims 7-9 and 16-22 remain pending in the application, for a total of ten (10) pending claims. Claims 7 and 8 are independent claims, while claims 9 and 16-22 are dependent claims. Applicant has amended claims 7, 8, and 16-20. Applicant submits that no new matter has been added by these amendments. As examples, limitations added to claims 7, 8, 17, and 19 are supported by the original specification including on the bottom half of page 11 (paragraphs 0042 and 0043 of the published application, 2003/0158798). The material added to claim 8 was also previously found in claim 19. The amendments to claims 16 and 18 are supported in the original specification in the second paragraph on page 14 (0050). Other support may also be found for the claim amendments.

The Patent Office has requested that the Applicant amend the abstract to add the word "be" to the last line. Applicant has made the suggested amendment. Applicant submits that this amendment is the correction of an obvious typographical error and that no new matter has been introduced by reason of this change.

The Patent Office has rejected all of the pending claims (claims 7-9 and 16-22) under 35 U.S.C. § 102(b) based on public use or sale citing the Information Disclosure Statement (IDS) Applicant filed on 4/9/2002. The Patent Office argued that because the Applicant received payment for accounting services performed prior to the critical date, that an offer for sale occurred prior to the critical date. In response, Applicant submits that the activities that took place prior to the critical date were limited to permissible experimental use.

The Applicant admits that a person is generally not entitled to a patent if the invention was "in public use or on sale in this country more than one year prior to the date of the application". 35 U.S.C. § 102(b). However, courts have recognized for over a century that experimental use is not included in this bar. *Netscape v. Microsoft*, 5 (Fed. Cir. 2002) citing *City of Elizabeth v. Am. Nicholson Pavement Co.* 97 U.S. 126,134 (1877) (use of wooden pavement system for payment prior to the critical date



was experimental use and was not a bar). Experimental use applies to sales and offers for sale as well as use. *Allen Eng'g Corp. v. Bartell Indus. Inc.*, 19, 299 F.3d 1336, 1354, 63 USPQ2d 1769,1780 (Fed. Cir. 2002) (experimental use was not precluded by the sale of 100 copies of the invention prior to the critical date). For the experimental use exception to apply, experimentation must be the primary purpose, and any commercial exploitation, such as sales, must be incidental. *Id.* at 19. If that is the case, adequate proof of experimentation negates a statutory bar. *Id.* at 20, citing *EZ Dock v. Schafer Sys. Inc.*, 276 F.3d 1347, 1352, 61 USPQ2d 1289, 1292 (Fed. Cir. 2002).

Courts look at the totality of the circumstances when evaluating whether a pre-bar activity was experimental. *Netscape* at 5. Factors that courts consider include whether experimentation was necessary, the amount of control that was maintained over the use of the invention, the nature of the invention, the length of the test period, whether payment was made, whether there was a secrecy obligation, whether records of the experimentation were kept, who conducted the experimentation, the degree of commercial exploitation during the testing, whether the invention reasonably required evaluation under actual conditions of use, whether testing was systematically performed, whether the invention was continually monitored during testing, and the nature of contacts made with potential customers. *Allen Eng'g.*, at 19 citing *EZ Dock* at 1357, 1296 (Linn, J., Concurring).

In this case, as stated in the IDS dated 4/9/2002, Bank of New York (BNY), assignee of record, used software implementing the originally claimed invention to perform accounting services for JP Morgan for experimental purposes prior to the critical date. BNY received payment for these accounting services; however, this use was primarily for experimentation, and the payment received was incidental to the experimentation for the purpose of perfecting the invention. A number of factors in this case indicate that the use was primarily experimental. First, testing, using actual client data, was necessary in order to determine whether the invention worked properly and to identify and eliminate bugs in the software before commercially exploiting the invention. Second, BNY maintained complete control over the invention during the testing. In fact,



BNY maintained ownership and custody of the software, and no software embodying the invention was provided or licensed to JP Morgan or to anyone else outside of BNY. In addition, a confidentiality agreement was in place at that time between BNY and JP Morgan, and JP Morgan was not permitted to disclose the invention to others. Furthermore, during all use prior to the critical date, BNY monitored the performance of the invention; and corrected problems that were identified. Records were kept at that time to the extent necessary to evaluate performance of the invention and to correct problems that were identified. Further, the compensation that was received from JP Morgan for accounting services performed using the invention prior to the critical date was small. Specifically, this compensation was less than the cost of performing the services and correcting the problems that were encountered with the software, and was incidental to the primary purpose of experimentation. The experimental use was performed systematically and continually by BNY personnel who were responsible for reducing the invention to practice, and since only JP Morgan was involved, contact with potential clients was minimal. Moreover, use prior to the critical date was performed for no longer than was necessary before the decision was made that the invention would work satisfactorily.

An affidavit is being submitted herewith in support of the facts presented herein. Many of these facts were also presented in the IDS filed on 4/9/2002. Applicant respectfully submits that these uncontested facts provide adequate proof that activities performed with the invention prior to the critical date are limited to permissible experimental use, and that consequently, no statutory bar under 35 U.S.C. § 102(b) applies in this case.

The Patent Office has also rejected all of the pending claims (claims 7-9 and 16-22) under 35 U.S.C. § 103 as being unpatentable (obvious) over Blasnik et al. (US 2003/0050877), and also cited Hollar et al. (US 2003/0139985) and Harris et al. (US 5,517,406). Without consenting to this rejection, Applicant has amended the independent claims (claims 7 and 8) as indicated above to include the limitations:



"at least one of debiting and crediting a plurality of ledger balances using a posting matrix containing 0, 1, and -1 values"

as recited in claim 7, and

"posting the derived accounting information to at least one ledger balance for the account wherein the posting is performed utilizing a posting matrix"

as recited in claim 8. Applicants submit that none of the references cited teach or suggest a posting matrix as recited in these claims. Consequently, the prior art of record does not teach or suggest all of the claim limitations of any of the currently pending claims. Applicants further submit that many of the claims may contain other limitations not taught or suggested by the prior art of record. Therefore, Applicant submits that the present invention would not have been obvious at the time it was made, based on the prior art of record.

Accordingly, Applicants respectfully request reconsideration of the application and allowance of all pending claims. Should the Examiner wish to discuss any of the above in greater detail or deem that further amendments should be made to improve the form of the claims, the Examiner is invited to telephone the undersigned.

Respectfully submitted,

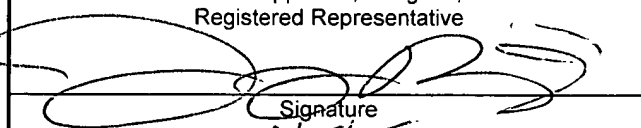
Date:

8-15-05

By:



Allan W. Watts  
U.S. Reg. No. 45,930  
Bryan Cave LLP  
One Renaissance Square  
Two North Central Avenue,  
Suite 2200  
Phoenix, AZ 85004-4406  
allan.watts@bryancave.com  
Direct: 602-364-7331  
Fax: 602-716-8331

I hereby certify that this correspondence is being deposited with the United States Postal Service with sufficient postage as first class mail in an envelope addressed to: Mail Stop Amendment, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450 <u>8/15/05</u>	
(Date of Deposit)	
<u>The Bank of New York</u>	
Name of applicant, assignee, or Registered Representative	
	
Signature	
<u>8/15/05</u>	
Date of Signature	